

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 — 0 1 5

2. STATE:

Colorado

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

Dec. 2, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

Social Security Act sec. 1902(a)(30)(A)
42 C.F.R. sec. 447.252(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 2002-03 \$ 0
b. FFY 2003-04 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D

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229. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Page 21a
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10. SUBJECT OF AMENDMENT:

9090
Determination of a nursing facility's licensed bed count and fair
rental allowance per diem rate.

11. GOVERNOR'S REVIEW (Check One):

- ☐
- GOVERNOR'S OFFICE REPORTED NO COMMENT
-
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
-
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:As per Governor's letter
dated 12/14/94.

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Karen Reinertson

14. TITLE:

Executive Director

15. DATE SUBMITTED:

Dec. 30, 2002

16. RETURN TO:

Colorado Department of
Health Care Policy & Financing
1575 Sherman Street
Denver, Colorado 80203-1714

ATTN: Trish Bohm

17. DATE RECEIVED

12/30/02

19. EFFECTIVE DATE OF APPROVED MATERIAL

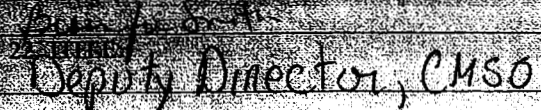
12/3/03

21. TYPED NAME:

Charles Brown

23. REMARKS:

20. SIGNATURE OF REGIONAL OFFICIAL


Deputy Director, CMSO

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-D
Page 21a

State of Colorado

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATE - NURSING FACILITY CARE

- D. 6. H. The fair rental allowance shall only be adjusted due to the following:
1. The base value of a facility can be increased in subsequent cost reports due to improvements as specified in the definitions section.
 2. Changes in MED-13 patient days when calculating the fair rental allowance per diem.
 3. At the start of a new State Fiscal Year (July 1) by a new rental rate amount or additional indices.
 4. The base value of a facility can be decreased by a change in either the physical structure) and/or use of the facility, i.e., the destruction of a portion of the facility would be an example of a physical change. An example of a change in use is when a portion of the nursing facility is converted to an alternative care facility.
 5. (Effective August 1, 1993) The provider has constructed and occupied a new physical plant and is no longer using the old structure for providing care to nursing facility residents. Base value will be a new appraisal conducted by the state's contract appraiser at the time the new physical plant is ready for occupancy.
 - a. The provider will continue to be reimbursed at the old fair rental allowance rate until the first scheduled MED-13 after the move sets a new rate.
 - b. A new appraisal will be performed to coincide with the filing of the next scheduled cost report which will set a rate for the facility.
 - c. The fair rental allowance reimbursement based on the new appraisal will not include a hold harmless or negative share amount.
- I. Fair Rental Allowance Per Diem Rate (effective Dec. 2, 2002): The fair rental allowance amount divided by the higher of audited patient days on the MED-13 or ninety percent (90%) of bed capacity on file with the Colorado Department of Public Health and Environment during the relevant cost reporting period.
1. The patient days used in this calculation are from the MED-13 report which established the Medicaid rate for the other cost centers. As the rates change due to new MED-13 cost reports, so shall the fair rental allowance calculation due to the change in patient days.

T.N. 02-015

Approval Date

MAR 17 2003

Effective Date

DEC - 2 2002

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

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State of Colorado

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATE - NURSING FACILITY CARE

- D. 6. 1. 2. The higher of audited patient days or 90% of bed capacity regulation applies to both rural and urban facilities.
- J. All owned and leased facilities are reimbursed under the fair rental allowance reimbursement methodology with the exception of the state-administered class IV nursing facilities.
- K. The fair rental allowance shall become the third component of the rate. The other components of the rate shall be:
1. Administrative, room and board and property (with the relevant amount of incentive allowance and fluctuating cost allowance); and
 2. Health and raw food costs (with the relevant amount of fluctuating cost allowance).

Therefore, each nursing home is given three rates. The rate for administration, property and room and board is the sum of the audited allowable costs (or the maximum reasonable cost, whichever is lower), the fluctuating costs factor, and the incentive allowance, if any. The rate for health care services and raw food is the sum of the audited allowable costs (or the maximum reasonable cost, whichever is lower) and the fluctuating cost factor. The rate for land, buildings and fixed equipment is established by the fair rental allowance formula. This is illustrated below:

Audited allowable administrative, room and board and property cost per patient day up to the maximum reasonable cost:

+ Fluctuating cost factor (excluding interest)
+ Incentive allowance (if applicable)
= Rate for administration, room and board and property

PLUS

Audited allowable health care and raw food cost per patient day up to the maximum reasonable cost:

+ Fluctuating cost factor
= Rate for health and raw food

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